
DIGEST

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HB 49 Original

2026 Regular Session

Bacala

Abstract: Provides relative to partial dissolution of a police or fire department by an employer in the Municipal Police Employees' Retirement System or Firefighters' Retirement System.

Present law, applicable to the Municipal Police Employees' Retirement System (MPERS) and the Firefighters' Retirement System (FRS), generally requires anyone meeting the definition of "employee" contained in present law to become a system member as a condition of employment.

Proposed law retains present law.

Present law, applicable MPERS and FRS, allows an employee whose employer covers its police officers or firefighters under Social Security to elect not to be a member of the system. Provides requirements and procedures for making the election.

Proposed law retains present law for any employee hired before Jan. 1, 2027. Provides that for any employee hired Jan. 1, 2027, or later, proposed law does not allow for this election.

Present law for both MPERS and FRS provides generally for an employer with a sufficient reduction in employees to be deemed to have partially dissolved and requires payments to the system. Provides for definitions and determinations related to the reduction and payments with determinations made as part of the actuarial valuation process.

Proposed law retains present law.

Present law provides that a participating employer shall be deemed to have partially dissolved its police department if either of the following occurs:

- (1) The number of participating employees of the employer on the valuation date is less than 70% of the number of participating employees of the employer as of June 30th of the prior fiscal year and either the number of participating employees decreases by at least a minimum number or the number of participating employees is zero.
- (2) The number of participating employees of the employer as of June 30th is at least 50 fewer than the number of participating employees of the employer as of June 30th of the prior year.

Present law, applicable to FRS, provides for a minimum decrease of at least three employees. For MPERS, present law provides for a minimum decrease of at least two employees.

Proposed law increases the MPERS minimum employee reduction for purposes of partial dissolution from two to three beginning with the June 30, 2024, valuation. Retains the minimum of three for FRS.

Proposed law provides that the 70% requirement is calculated based on a comparison with the target employee count to determine whether a decrease in employees is sufficient to be deemed a partial dissolution. Defines "target employee count" to mean:

- (1) For a valuation dated June 30, 2025, or earlier, the number of participating employees of the employer as of June 30th of the prior year.
- (2) For the valuation dated June 30, 2026, the average of the numbers of participating employees of the employer as of June 30th of each of the prior two years.
- (3) For a valuation dated June 30, 2027, or later, the average of the numbers of participating employees of the employer as of June 30th of each of the prior three years.

Proposed law provides that a participating employer shall be deemed to have partially dissolved its police or fire department if either of the following occurs:

- (1) The number of participating employees of the employer as of June 30th is less than 70% of the target employee count and either the number of participating employees is zero or the number of participating employees decreases by at least the minimum.
- (2) The number of participating employees of the employer as of June 30th is at least 50 fewer than the target employee count.

Proposed law further provides that if the calculation of the percentage does not result in a whole number, the actuary shall round to the nearest lower whole number.

Present law for both systems requires payments to begin on the first of July of the second fiscal year following the determination a partial dissolution has occurred.

Proposed law requires payments to begin on the first of July of the third fiscal year following the determination for withdrawals based on a valuation dated June 30, 2024, or later.

Proposed law provides if an employer is delinquent on June 30th in any year, certain provisions of proposed law do not apply to the withdrawal on which the payments are delinquent and any additional withdrawal based on the June 30th actuarial valuation of that year.

Proposed law provides that the actuary for the Municipal Police Employees' Retirement System and the Firefighters' Retirement System shall redetermine the withdrawal of participating employers based on the June 30, 2024, and June 30, 2025, actuarial valuations pursuant to the provisions of this Act. However, any employer who was not identified prior to the effective date of this Act as having partially dissolved its police department or fire department shall not be deemed to have partially

dissolved its police department or fire department based on the redetermination of withdrawal for the June 30, 2024, and June 30, 2025, actuarial valuations.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 11:2225.4(A)(2)(b) and (c) and (B) and 2262.1(A)(2)(b) and (B); Adds R.S. 11:157(E), 2225.4(A)(2)(d), (D)(3), and (E), and 2262.1(A)(2)(c), (D)(3), and (E))